

Message Text

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SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 SCI-06

CEQ-02 EPA-04 SCEM-02 PA-03 PRS-01 USIA-15 RSR-01

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SUB: ECONCOM IX-PLENARY SESSION: PUBLIC STATEMENTS

THE TEXT OF SECRETARY'S ROGERS' STATEMENT ON
ECONOMIC AID TO DEVELOPING COUNTRIES (AGENDA ITEM VI)
DELIVERED DURING PLENARY SESSION TUESDAY MORNING,
JULY 17 FOLLOWS:

AGENDA ITEM VI-1; COOPERATION IN THE ECONOMIC
DEVELOPMENT OF DEVELOPING COUNTRIES

THE JAPANESE AID PROGRAM

YESTERDAY, I REFERRED TO OUR COMMON INTEREST IN ASSISTING
THE POORER NATIONS ACCELERATE THEIR RATE OF PER CAPITA ECONO-
MIC GROWTH. BOTH JAPAN AND THE UNITED STATES ARE SEEKING
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TO IMPROVE THEIR DEVELOPMENT ASSISTANCE PERFORMANCES. BEFORE
DESCRIBING OUR ASSISTANCE PROGRAM, LET ME NOTE THE STEPS
JAPAN HAS RECENTLY TAKEN TOWARDS INCREASED AND MORE EFFECTIVE
ASSISTANCE:

--A 27 PCT INCREASE IN TOTAL FLOWS,
-- A 20 PCT INCREASE IN OFFICIAL DEVELOPMENT ASSISTANCE,
--A 51 PCT INCREASE IN GRANT AID,
--ITS INITIATIVES TO UNITIE AID, ESPECIALLY THE BILATERAL LOANS TO BURMA, INDONESIA, AND THAILAND, WHICH WE HOPE REPRESENTS A GROWING TREND.

WE PARTICULARLY WELCOME THE INTENTION EXPRESSED BY THE JAPANESE DELEGATIONS TO EXPAND THE GEOGRAPHIC AND FUNCTIONAL SCOPE OF THE JAPANESE AID PROGRAM AS WELL AS TO IMPROVE THE QUANTITY AND QUALITY OF OFFICIAL DEVELOPMENTAL ASSISTANCE.

THE U .S. AID PROGRAM

DESPITE OUR WELL KNOWN LEGISLATIVE DIFFICULTIES AND PRESENT UNCERTAINTIES, OUR COMMITMENT TO DEVELOPMENTAL ASSISTANCE REMAINS STRONG AND OUR PROGRAMS CONTINUE APACE.

NET DISBURSEMENTS OF TOTAL U.S. AID FLOWS ROSE TO \$7.4 MILLION IN CALENDAR 1972, A 7 PERCENT INCREASE.

NET DISBURSEMENTS OF OFFICIAL DEVELOPMENT ASSISTANCE ROSE A MODEST \$ 25 MILLION TO \$3.3 BILLION; TOTAL PRIVATE FLOWS, HOWEVER, ROSE BY 13 PERCENT TO \$3.8 BILLION.

MAJOR BUDGETARY PRESSURES HAVE FORCED A SIGNIFICANT REDUCTION IN THE REQUEST TO CONGRESS FOR CURRENT FISCAL YEAR. A NEW APPROACH WAS ANNOUNCED BY DR. HANNAH, OUR AID ADMINISTRATOR, BASED ON THE REALITIES OF THE 1970'S, TO MAXIMIZE THE EFFECTIVENESS OF AVAILABLE RESOURCES.

THE NEW APPROACH EMPHASIZES:
-- A MORE COLLABORATIVE STYLE OF ASSISTANCE,
--CONCENTRATION ON THE HUMANITARIAN AND SOCIAL ASPECTS OF DEVELOPMENT INCLUDING NUTRITION, POPULATION, HEALTH, EMPLOYMENT AND INCOME DISTRIBUTION,
--A REDUCED U.S. PRESENCE AND PROFILE OVERSEAS.

INTERNATIONAL FINANCIAL INSTITUTIONS

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THE U.S. CONTINUES ITS COMMITMENT TO MULTILATERAL ECONOMIC ASSISTANCE THROUGH THE INTERNATIONAL FINANCIAL INSTITUTIONS.

IN THIS REGARD I WOULD LIKE TO COMMEND JAPAN FOR ITS LEADERSHIP ROLE IN BUILDING THE ASIAN DEVELOPMENT BANK INTO A DISTINGUISHED REGIONAL INSTITUTION. UNDER ITS TWO OUTSTANDING JAPANESE PRESIDENTS, IT HAS PROVEN TO BE AN EFFECTIVE INSTRUMENT IN PLANNING AND SUPPORTING ASIAN ECONOMIC DEVELOPMENT.

THE U.S. CONTINUES ITS FIRM SUPPORT OF THE ASIAN DEVELOPMENT BANK. WE ARE GIVING HIGH PRIORITY TO SECURING CONGRESSIONAL APPROVAL FOR THE U.S. SHARE OF THE FINANCING OF THE BANK'S CONCESSIONAL LENDING AND FOR THE REPLENISHMENT OF THE BANK'S ORDINARY CAPITAL.

TRADE

TRADE POLICY ALSO BEARS DIRECTLY ON THE ABILITY OF THE LESS DEVELOPED COUNTRIES TO FINANCE THEIR OWN DEVELOPMENT EXPENDITURES. CONSEQUENTLY, IN OUR PROPOSED TRADE BILL, THE ADMINISTRATION HAS ASKED THE CONGRESS FOR THE AUTHORITY TO INTRODUCE A GENERALIZED SYSTEM OF PREFERENCES, TO OPEN OUR MARKET MORE FULLY TO EXPORTS FROM THE LESS DEVELOPED COUNTRIES. THIS LEGISLATION IS BEING GIVEN HIGH PRIORITY IN THE CONGRESS. APART FROM PREFERENCES, ANY PROGRESS MADE IN THE MULTILATERAL TRADE NEGOTIATIONS WILL ALSO HELP THE LESS DEVELOPED COUNTRIES' EFFORTS AT ECONOMIC PROGRESS.

INVESTMENT

AS I MENTIONED IN MY INTRODUCTORY REMARKS, WE ALSO ATTACH GREAT IMPORTANCE TO PRIVATE INVESTMENT AS A MEANS OF MOBILIZING CAPITAL IN THE DEVELOPING COUNTRIES. THE PROBLEM OF PROTECTING INVESTMENTS IN THE LESS DEVELOPED COUNTRIES IS A CRITICAL ONE, HOWEVER, BECAUSE BOTH THE LESS DEVELOPED AND THE INDUSTRIALIZED COUNTRIES ARE BOUND TO SUFFER IF INVESTORS COME TO FEEL THAT THE RISK OF LOSING THEIR INVESTMENTS IN LESS DEVELOPED COUNTRIES IS TOO GREAT TO BE WORTH URUNNING. WE CONTINUE TO BELIEVE THAT A MULTILATERAL APPROACH TO THIS PROBLEM IS THE MOST PROMISING ONE, AND HOPE THAT AS JAPANESE FOREIGN INVESTMENTS INCREASE YOU WILL JOIN WITH US IN AN EFFORT TO FIND A SOLUTION WHICH MEETS THE NEEDS OF BOTH INVESTOR AND RECIPIENT NATIONS.

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RECONSTRUCTION AND DEVELOPMENT OF THE COUNTRIES OF INDO-CHINA

WE BELIEVE THAT ECONOMIC ASSISTANCE IS AN EXXENTIAL INGREDIENT IN ACHIEVING PEACE AND STABILITY IN THE FOUR COUNTRIES OF INDO-CHINA IN THE POST-WAR PERIOD. WE ARE DEEPLY APPRECIATIVE OF JAPANESE COOPERATION IN THIS REGARD.

WE BELIEVE THAT THE WORLD BANK AND THE ADB CAN PLAY A MAJOR ROLE IN INDO-CHINESE RECONSTRUCTION. WE ARE PLEASED THAT PRESIDENT McNAMARA, IN RESPONSE TO A REQUEST FROM PRESIDENT THIEU, HAS AGREED TO INVESTIGATE THE POSSIBILITY OF ESTABLISHING AN AID CONSULTATIVE GROUP FOR SOUTH VIETNAM. PRESIDENT INOUR'S OFT-EXPRESSED WILLINGNESS OF THE ADB TO PLAY A MAJOR ROLE IN POST-WAR INDO-CHINA HAS ALSO BEEN MOST CONSTRUCTIVE.

WE HAVE PROPOSED TO THE CONGRESS FOR THIS FISCAL YEAR A \$630.9 MILLION PROGRAM FOR INDOCHINA POSTWAR RECONSTRUCTION. ABOUT HALF WILL BE FOR COMMODITY IMPORT PROGRAMS IN VIETNAM AND CAMBODIA. THE BALANCE WILL BE FOR HUMANITARIAN ASSISTANCE, RECONSTRUCTION, AND DEVELOPMENT AND, IN THE CASE OF CAMBODIA AND LAOS, FOR ECONOMIC STABILIZATION.

THE FIRST TASKS ARE THOSE DEALING WITH THE DIRECT AND IMMEDIATE CONSEQUENCES OF THE WAR. THE MOST URGENT OF THESE

IS TO PROVIDE TEMPORARY SUSTENANCE, FOOD, SHELTER AND MEDICAL CARE FOR REFUGEES AND OTHER VICTIMS OF THE WAR UNTIL THEY CAN RESUME NORMAL AND PRODUCTIVE LIVES.

THE TASKS OF REHABILITATION AND RECONSTRUCTION ARISE NEXT. HOMES, SCHOOLS, HOSPITALS, AND BRIDGES NEED TO BE REBUILT. MUCH LAND, ONCE HIGHLY PRODUCTIVE, HAS REVERTED TO JUNGLE, AND LONG NEGLECTED WATER CONTROL DIKES MUST BE RENEWED IF LAND IS TO BE RETURNED TO PRODUCTION. RESETTLEMENT ON AND RESTORED TO PRODUCTIVE USE IS A HIGH PRIORITY OF THE VIETNAMESE GOVERNMENT.

AS YOU ARE AWARE, TALKS ARE CONTINUING IN PARIS WITH THE GOVERNMENT OF NORTH VIETNAM REGARDING U.S. POST-WAR ECONOMIC ASSISTANCE, SUCH ASSISTANCE IS CONTINGENT ON THE ATTAINMENT OF A COMPLETE CEASE FIRE IN ALL OF INDO-CHINA AND SCRUPULOUS ADHERENCE TO THE PEACE AGREEMENT.

I AM PLEASED THAT STATE AND AID OFFICIALS ARE COMING TO TOKYO FOR DETAILED DISCUSSIONS JULY 23 AND 24 WITH YOUR GOVERNMENT ON JAPANESE AND AMERICAN COOPERATION IN THE

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RECONSTRUCTION OF INDO-CHINA, IN PREPARATION FOR PRIME MINISTER TANAKA'S MEETING WITH PRESIDENT NIXON.

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